



Loftus Peak

Loftus Peak Global Disruption Fund

Global Change. Listed Investments. Daily Liquidity.

Monthly Investor Letter
May 2017



Superior

The Loftus Peak Global Disruption Fund invests in listed disruptive businesses globally. The Fund provides geographical and sectoral diversification which lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

Review & Outlook

The Fund manager estimated return gross* of fees was +7.45% for May 2017, which was +4.64% above the benchmark (MSCI AC World Net Total Return Index in Australian dollars). The benchmark returned +2.81% for the month.

Performance*

	1m	3m	6m	1y	3y	Inception
Portfolio (gross-of-fees)	+7.45%	+18.38%	+22.42%	-	-	+27.24%
Index	+2.81%	+8.49%	+12.71%	-	-	+16.55%
Outperformance (gross-of-fees)	+4.64%	+9.89%	+9.71%	-	-	+10.69%
Portfolio (net-of-fees)	+7.39%	+18.08%	+21.78%	-	-	+26.50%

Portfolio Contributors and Detractors

Reporting season was solid for many of our core holdings including Comcast, Alphabet and Amazon. However, the stand-out contributor was Nvidia, which has jumped around 30% on the back of almost tripling its revenue from sales into the data centers of US\$409m in the quarter. The company supplies the machine learning tools for virtually all the major hyperscale businesses globally. The importance of this can be judged in the context of Google developing its own Tensor chip.

Amazon post month-end has gone through US\$1000/share. Some have criticised the company for its lack of profit, but this is a gross simplification, and in our view wrong. The company sells goods for less since it doesn't pay mall rents, giving it a 10% price advantage from the get-go. The smart money has been pulling out of retail property for years (Westfield has halved since 2007) possibly in contemplation of a future which doesn't include anchor tenants like Harvey Norman, and possibly even Coles and Woolies.

*Manager estimated returns. Past performance is not indicative of future performance. Index for the Fund is MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg). All returns are shown to two decimal places. Returns for the periods more than one year are annualised. Total returns include realised and unrealised gains and losses plus income and are time weighted, adjusting for external cash flows. Valuations are computed and performance reported in Australian dollars. Gross-of-fees performance returns are presented before management and performance fees but after all trading expenses. Net-of-fees performance returns are presented after management and performance fees.

Key Facts

Inception Date	15 November 2016
Product Type	Registered Managed Investment Scheme domiciled in Australia
Product Sponsor	Equity Trustees Limited
Investment Universe	Listed Global Equities
Benchmark	MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg)
Number of Investments	15-35
Minimum Cash Allocation	1%
Maximum Cash Allocation	50%
Suggested time frame	3-5 years
Minimum Investment	AU\$5,000
Liquidity	Daily
Pricing Frequency	Daily
Withdrawal Notice	Generally, notifications received before 2pm on a business day will be processed using the unit price effective for that day.

Fees

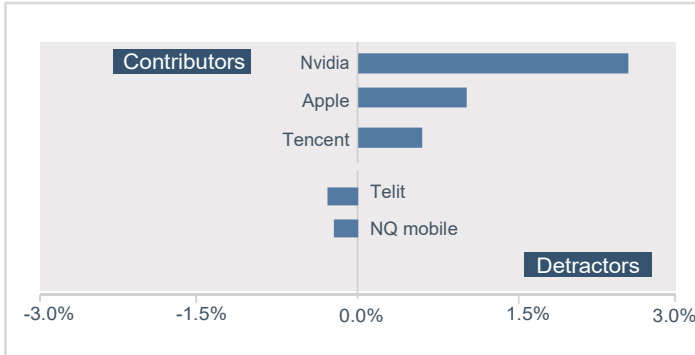
Distributions	Paid annually as at 30 June
Annual Management Costs	1.20% per annum (inc. GST)
Performance Related Fee	15% in excess of the hurdle return with a high watermark payable six monthly as at 30 June and 31 December each year

Unit Prices

Date	31 May 2017
Entry Price (in AUD)	1.3528
Exit Price (in AUD)	1.3460

Tencent was also a strong performer, with Q1 revenues climbing 55% (well above expectations) to RMB49.5 billion (US\$7.2 billion). Mobile gaming delivered 57% growth, an annualised run rate of US\$6.6b-from a zero base a few years ago. In addition, its WeChat application is starting to look more like a mobile operating system than a simple messaging platform.

The Australian dollar was a slight positive for the Fund this month, depreciating by -0.41%.



Portfolio Construction

87% of the Fund is invested in 19 holdings which the manager considers likely outperformers.

Top Five Holdings	
Apple	12.0%
Nvidia	7.8%
Alphabet	7.6%
Amazon	7.1%
Comcast	7.0%

Learn more

For the latest on investment in global change and disruption, see us in the Australian Financial Review, the Constant Investor, or the Sydney Morning Herald, or on Livewire or visit us at www.loftuspeak.com.au or email alexpollak@loftuspeak.com.au

IMPORTANT INFORMATION

This report was prepared by Loftus Peak Pty Ltd ("Loftus Peak"). Equity Trustees Limited ("Equity Trustees") ABN 46 004 031 298 AFSL No. 240975, is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX:EQT), and is the Responsible Entity of the Loftus Peak Global Disruption Fund ("Fund").

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A PDS and application form is available at www.loftuspeak.com.au. Loftus Peak and Equity Trustees do not guarantee the performance of the Fund or the repayment of the investor's capital. To the extent permitted by law, neither Equity Trustees, Loftus Peak, nor any of their related parties including its employees, directors, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this report. Past performance is not indicative of future performance.

About Loftus Peak

Loftus Peak is a global fund manager with a focus on investing in listed disruptive businesses. Our team's extensive experience of successfully investing in disruptive businesses brings significant discipline to the investment process.

The Fund, which includes large capitalisation names like Apple, Google and Alibaba, is constructed on the basis of strict criteria, giving investors exposure to the some of the best and fastest-growing companies in the world, at carefully determined valuations. This kind of geographical and sectoral diversification lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

We believe self-managed super funds, and investors generally, want a professionally-managed portfolio that gives them access to these important secular trends.

The Team

The portfolio is managed by Alex Pollak and Anshu Sharma.

Alex Pollak CEO, CIO and Founder



With 25 years' experience in disruptive business models gained during a career with Macquarie Bank, Alex heads one of the best-performing teams in global listed disruptive business investment in Australia.

He was instrumental in bringing both Seek and Carsales.com.au to the Australian stock market. His deep knowledge of investment and global change companies means you are ideally placed to benefit financially from the movements in technology which are daily changing the face of markets.

Anshu Sharma Portfolio Manager



Anshu started his career in global disruption investment almost a decade ago at TechInvest. This was followed by Portfolio Manager and TMT Analyst responsibilities for the Asia region at Eight Investment Partners.

Being mentored by the best in this space early on in his career

and having extensively travelled in Asia to meet hundreds of companies, Anshu brings a wealth of experience to investing globally.

He has an M.Comm from the University of New South Wales and a B.Comm (Hons) from Delhi University. He holds the CIPM® certificate and the Chartered Financial Analyst® designation.